

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** All School Corporations

**FROM:** Micah G. Vincent, Commissioner *MGV*

**RE:** Bus Replacement Fund Maximum Levy Adjustment Petition

**DATE:** April 15, 2013

Indiana Code 20-46-5-4 provides that a school corporation may petition the Department of Local Government Finance ("DLGF") to adjust the school corporation's bus replacement fund maximum levy. If a school corporation petitions the DLGF, the DLGF may make an adjustment to the school corporation's bus replacement fund maximum levy.

A school corporation wishing to receive an adjustment to its bus replacement fund maximum levy must submit a petition to the DLGF explaining why the school corporation's bus replacement fund maximum levy as adjusted annually by the assessed value growth quotient does not meet its reasonable needs.

No particular format is required for the petition, but the petition should include at least the following:

- a copy of the school corporation's latest bus replacement plan;
- all of the school corporation's buses by type (A - D), including any buses that represent an increased need and the year in which the need is expected to occur;
- all bus contract obligations;
- a total requested maximum levy; and
- justification of the proposed maximum levy, which should include a description of any unanticipated or extenuating circumstances (copies of invoices or other evidence of purchase may be attached to the petition).

This information should not be a substantially similar recitation of what the school corporation submitted to the DLGF in 2011 when the DLGF initially set the school corporation's bus replacement fund maximum levy. Likewise, if the school corporation petitioned the DLGF in a subsequent year for an adjustment to its bus replacement fund maximum levy, the school corporation should submit new information of changed circumstances since that year. To emphasize, a petitioning school corporation should provide more than just new documentation or an amended bus replacement plan; it should demonstrate *changes in underlying circumstances*

making its current bus replacement fund maximum levy, as adjusted by the assessed value growth quotient, insufficient.

In proposing a new maximum levy, a school corporation should be mindful that IC 20-46-5-4 provides that each school corporation may only levy for a calendar year a property tax for the bus replacement fund in accordance with the school bus acquisition plan it adopted.

A petition must be submitted to [busreplacement@dlgf.in.gov](mailto:busreplacement@dlgf.in.gov) no later than the last Monday in August of a year. The DLGF's determination regarding the petition will be included in the school corporation's 1782 Notice.

For purposes of budget review or adoption, school corporations subject to IC 6-1.1-17-3.5 or IC 6-1.1-17-20 should submit to the appropriate fiscal body the same bus replacement fund maximum levy figure proposed in the their petition to the DLGF. The bus replacement fund maximum levy approved by the DLGF may equal or be less than (but will not exceed) the maximum levy adopted by the school corporation or fiscal body.

The DLGF emphasizes that IC 20-48-1-2 prescribes that each year a debt service levy is needed for purposes of funding retirement or severance liabilities, a school corporation must reduce the total property tax levy for the school corporation's transportation, school bus replacement, capital projects, and art association and historical society funds, as appropriate, in an amount equal to the property tax levy needed for the debt service multiplied by an adjustment percentage. The DLGF cannot approve a proposed bus replacement fund maximum levy that has been padded or artificially increased in contravention of IC 20-48-1-2. In addition, the DLGF reaffirms that because the bus replacement plan is a twelve-year plan, costs will be apportioned over the life of the plan. If, for example, the DLGF were to approve a bus replacement fund maximum levy for 2014 that included the entire cost of a new bus to be purchased in the in the tenth year of the plan, the school corporation's bus replacement fund maximum levy would be inflated by that amount for nine years, which is unreasonable.

Questions should be directed to [busreplacement@dlgf.in.gov](mailto:busreplacement@dlgf.in.gov).